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Secld. II-37—100,000—21-5-48

Development (1948) Department.

MS SERIES.

G.O. No. 1449

Dated 22. 3. 1948

[Despatch Abstract.]

LEGISLATIVE ASSEMBLY QUESTION - Co-operative Banks in Rayalaseema and Chittoor District - Working - Papers Recorded.

THE WORKING OF THE CO-OPERATIVE BANKS IN THE ROYALASEEMA AND CHITTOOR DISTRICTS.

92. Question:- Sri C.N. MUTHURANGA MUDALIYAR: Will the Hon. the Minister for Local Administration be pleased to state -

(a) whether it is a fact that the Government of Madras have appointed the Rayalaseema Enquiry Committee to make a thorough enquiry into the working of Co-operative Banks in Rayalaseema and Chittoor districts;

(b) when was the Committee appointed and when it submitted its report;

(c) what action the Government took on the report or propose to take in the matter;

(d) what are the recommendations of the Gopalaswami Ayyangar Enquiry Committee;

(e) whether the Government propose to adopt any of the recommendations and, if so, which; and

(f) whether it is a fact that the Provincial Co-operative Bank lends to the district banks at the rate of 3 per cent interest while the Rayalaseema District Banks which borrow from the Provincial Bank lend at 5 to 6 per cent interest to rural banks?

THE HON. SRI. K. CHANDRAMOULI:-

"(a) Yes.

"(b) The Committee was appointed ~~to~~ in January 1945 and it signed its report on 15th February 1946.

"(c) & (e) The Government have published the report and have called for the Registrar's remarks on the Committee's recommendations, which are awaited.

"(d) The recommendations of the Committee are ptinted at pages 86-94 of its Report which has been placed at the disposal of the Press.

"(f) The Present lending rate of the Provincial Co-operative Bank to the District Central Banks is 3 per cent which is in force since January 1946. Out of the five Central Banks in the Rayalaseema the lending rate of the Anantapur and Hospet Central Banks on new loans is 5 per cent while that of the other three Banks on new loan is 4½ per cent. A higher rate ranging from 5 to 6½ per cent is charged by the five banks on outstanding loans as distinct from the loans newly advanced since the lending rate of the Madras Provincial Co-operative Bank prior to 1946 was 3½ per cent."

Sri R. Suryanarayana Rao:- "In view of the long time that has elapsed since the report was submitted will the Government expedite orders on the various recommendations?"

THE HON. SRI K. CHANDRAMOULI:- " Sir, the matter has already been referred to the Registrar for expedition and a part of the report has been submitted to the Government itself and the matter will be expedited at an early date."

/True Copy/

Sri R. Suryanarayana Rao:- "In view of the radical reforms suggested in that report will be the Government consider the advisability of having those recommendations not examined by the department itself but by some other impartial authority so that they may appreciate the points of view that are mentioned there, otherwise, Sir, I feel that the subject will not be considered on its own merits and will be looked at from the prejudiced pointed of view".

THE HON'BLE SRI K. CHANDRAMOULI:- "There is an Advisory Committee and I am sure the Government will take advise of those members before it efficially accepts the report."

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N O T E F I L E

DEVELOPMENT DEPARTMENT

Attention is invited the supplementary questions asked by Sri R. Suryanarayana Rao and the reply given by Hon'ble Minister (Local Administration) at A on page 11 c.f.

Out of 142 recommendations made by the Rayalaseema Co-operative Enquiry Committee, the more important recommendatio relate to the abolition of Central Banks and primary land mortgage banks in the area and to the financing of agriculturists directly by the Madras Provincial Co-operative Bank and the Madras Central Central Land Mortgage Bank to meet their short-term and meduim credit and long-term needs, respectively, and to the reduction in the rates of interest on short-term and medium term loans to 4½% and on long term loans to 4%. The provincial Co-operative Bank and the Central Land Mortgage Bank have net, however, agreed to the Committee's recommendation to abolish central banks and primary land mortgage banks in the area. The Registrar has therefore drawn up a scheme for state aid to be given to the existing co-operative organisations. The scheme was consideredat a conference of co-operators and others held on 16-2-1948 under the chairmanship of the Hon'ble Minister for Local Administration. With reference to the conclusions reached at this conference, the Registrar has now submitted proposals for the grant of subsidies for the following purposes:

(1) Provision of a clean state by paying the difference between bad and doubtful debts of the 5 central banks in the area and the special reserves created by them to cover such bad and doubtful debts (Rs. 1,61,743.)

(2) effective supervision of the primary credit societies in the area by prividing additional supervisors at the rate of one for every 12 societies at the cost of the Government (Rs. 49,932 per annum or Rs. 2,49,660 for 5 years) It is also proposed that the cost of supervisors employed by 1.m banks should be met by the Governmant. The expenditure on this account is Rs. 9,636 per annum or Rs. 48,180 for 5 years.

(3) reduction of the rate of interest charged on short-term and medium term loans to 5% by the Government Providing a subsidy at the rate of 1% on all loans to be advanced during the next 5 years. (Rs. 71,680 or Rs. 3,58,400 for a period of 5 years.)

(4) Reduction of the rate of interest on long-term loans to 4% by the Government giving a subsidy to the C.L.M. Bankss at the rate of 1¼% on all loans to be advanced during the next 5 years for the full period of such loans. (Rs. 6,74,66 for 24 years).

(5) control of the work of supvervisors by the employme at Government cost of obe- Co-operative Sub Registrar as Executive Officer in each of the 5 Central Banks. (Rs.10,833 per annum or Rs. 54,165 for 5 years.) These proposals are under the consideration of the Government.

The recommendations of the Committee next in the order of importance deal with the re-organisation of village credit societies, the expansion of their activities and with the provision to be made for their adequate supervision. These recommendations are covered by the Registrar's proposals referred to above. The other recommendations are comparatively of minor importance and relate to matters of detail. They have been noted on in the form of sectional notes and the connected file has been submitted separately for orders.

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The following non-official gentlemen and officials were invited to the conference held on 16-2-1948 under the chairmanship of Hon'ble Minister (Local Administration) & to consider the Registrar's scheme for state aid to the Co-operative institutions in the Rayalaseema with refer to the important recommendations of the committee.

NON-OFFICIAL INVITEES:-

(1) One representative from each of the five central banks in the districts of Anantapur, Bellary, chittoor, Cuddapah and Kurnool.

(2) One representative of the primary land mortgage banks for each of the five districts.

(3) One representative from the Madras Provincial Co-operative Bank, Ltd.,

(4) One representative from the Madras Co-operative Central Land Mortgage Bank, Ltd.

(5) Sr R. Suryanarayana Rao, M.L.C.

(6) Sri Kulluru Subba Rao, M.L.A.

OOFICIAL INVITEES:-

(1) Secretary, C.D.E.D. Board.
(2) Development Commissioner for the Ceded Districts.
(3) Registrar of Co-operative Societies.
(4) Secretary & to Government, Development Department.

Hon'ble Minister (Local Administration) has stated on the floor of the house in reply to Sri Suryanarayana Rao that the advice of the Provincial Co-operative Advisory Council would be taken before passing orders on the various recommendatio of the Rayalaseema Co-operative Enquiry Committee. In view of the fact that the important recommendations of the Committee It may also mentioned that the department commissioner who is in special ~~officer~~ duty for work connected with the chandupur of Royalaseema areas) has also advised on the recommendations of the committee and Registrars, aiming at the development of the co-operative movement in their tract have already been considered at a large and representation conference of co-operators from the Ceded Districts and others, it is for consideration whether the recommendation would be referred to the Advisory Council for opinion. (In this connection, it is submitted that the Hon. Member who asked this question in the Council, (Sri R. Suryanarayana Rao) was himself one of the noh-official invitees to the conference.) For orders.

(Sd) 13
13.3.48.

No action seems necessary on the supplemantary question and Hom'ble Ministers reply to it.

(Sd) . . . . . .
17.3.48.

To A.S.

For orders whether the papers may now be recorded.

Abstract:-

Legislative Assembly question - Co-operative Banks in Rayalaseema and Chittoor District Working - Papers recorded.

(Issued as G.O. Ms. 1449 Development D/22.3.48)

23/3/48

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